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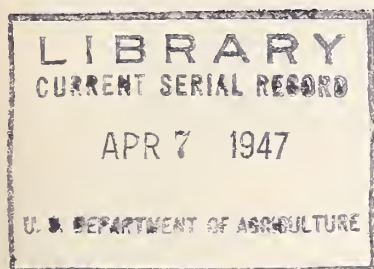


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THE POSITION OF AMERICAN COTTON IN POLAND



by

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THE POSITION OF AMERICAN COTTON IN POLAND

SUMMARY

On January 31, 1939, the Polish Spinners Association reported a total of 1,764,000 spindles in the old territories of Poland. In November 1946, the Textile Association at Lodz, the chief textile center, reported 950,000 spindles in operation in the whole of the new territories. An increase to 1,350,000 spindles is expected by the end of 1947; with the addition of new equipment, the number might reach 1,600,000 by the end of 1948. A further statement expressed the hope that working shifts would be increased to 1.8 of 46 hours per week in 1947 and to 2.3 in 1948. Weaving capacity is relatively higher than spinning capacity and is estimated to be ample.

The textile machinery in Polish mills is largely of foreign origin. Polish machinery manufacturers produce very little beyond spare parts, warpers, winders, power looms, etc. Until Poland can develop a larger production of textile machinery, it will, of necessity, have to depend on foreign importations. Because of the heavy demand for textile machinery throughout the world, the increase of spindles beyond 1,350,000 may be delayed by inability to obtain new equipment, perhaps for several years.

It is reported that raw cotton consumption for the year ending July 31, 1946, totaled 120,000 bales. With sufficient raw material available, an estimated total of 310,000 bales could be utilized during the year ending July 31, 1947, and between 400,000 and 440,000 bales the following year.

From 1932 to 1938, inclusive, Polish cotton consumption averaged about 265,000 bales, of which about 75 percent were of American cotton. At present, the commercial considerations of prewar years do not apply. Other cottons, especially Russian, are being imported in substantial quantities, and the preeminent position of American cotton is no longer assured.

Deliveries of cotton from the time of Poland's liberation to August 1, 1946, were about as follows: 128,000 bales of Russian, 139,000 bales of American (UNRRA), and 35,000 bales of Egyptian. Poland urgently needs cotton in excess of the amount obtainable from Russia, and the country is making strenuous efforts to obtain it.

Manpower problems have not yet been solved. A recent press article stated that "Poland needs 750,000 skilled workers in all sections of her economic life, otherwise industry in the recovered

territory must be suspended or skilled workers imported." The reduction of the Polish population from 34 to 23.9 millions, including an estimated 7,000,000 killed, must represent a severe drain on manpower. During the war, the training of apprentices was neglected and must now be resumed.

All available reports have indicated that Poland was producing more than enough coal to supply its domestic needs and would export about 46 million tons in 1946. This is also true of electric energy. Recent reports indicate that present production of electricity exceeds that of prewar years. Apparently there will be sufficient power to operate whatever equipment is available.

In April 1945, the Polish railways had only 900 locomotives, but by December this number had increased to 2,509. Railroad mileage is now reported to be about equal to that of prewar years. Many bridges destroyed by the Germans have been rebuilt. The large bridge over the Vistula River, connecting Warsaw and Praga, has been rebuilt and reopened for traffic.

Canals and waterways are being repaired and cleared. The Government has recently taken over the control of navigation on the Oder River. The channel is being cleared of sunken boats and wrecks. Coal can now be water-borne to Szczecin (Stettin). Transportation in general is improving, and available supplies of cotton should move to the mills without too much difficulty.

The law of January 3, 1946, provided that all factories employing more than 50 workers on a single shift would be nationalized. All cotton mills have accordingly been brought into possession of the State.

Reports stated that the production of synthetic fibers in 1946 would total 3,800 short tons, largely staple fiber. The hope was to export all of this because of its relatively high value. If not exported, staple fiber will be processed on the regular cotton-spinning equipment. There appear to be no significant or substantial plans for expansion of synthetic fiber plants at this time, but several plants in the west have not yet resumed operations. The real problem will be the importation of essential chemicals and wood pulp and the repair of existing plants. It is anticipated that production of synthetic fibers will reach 9,500 tons in 1947.

SPINNING AND WEAVING CAPACITY

Some idea of the present capacity of the Polish textile industry to consume cotton may be had by comparison with prewar operations. The following table shows the spindles, consumption, kinds and quantities of cotton consumed, stocks, and hours of operation in prewar years.

From 1932 to 1939, inclusive, the number of spindles averaged about 1,700,000, and cotton consumption about 280,000 bales annually. American

cotton averaged about 72 percent of the total or about 200,000 bales. Since that time, however, approximately 50 percent of Poland's prewar spindles, according to estimates, have either disappeared or are temporarily out of commission. Partly offsetting this loss, Poland has acquired in the newly occupied territory 82 registered cotton mills, of which 61 are in partial or full operation. These mills comprise 244,829 registered spindles and 16,670 looms.

Table 1. - Spindle numbers and cotton consumption in Poland, 1932 to 1939

Beginning August 1	Spindles	Kind of cotton consumed					Per-
		American	Indian	Egyptian	Other	Total	centage
							is of
							total
	<u>Number</u>	<u>bales</u>	<u>bales</u>	<u>bales</u>	<u>bales</u>	<u>bales</u>	<u>Percent</u>
1932	1,706,000	166	9	18	4	197	84
1933	1,818,000	228	3	25	8	264	86
1934	1,696,000	227	19	37	3	286	79
1935	1,688,000	201	8	50	18	277	73
1936	1,707,000	219	12	44	20	295	74
1937	1,693,000	182	4	49	38	273	67
1938	1,748,000	172	9	40	105	326	53
1939	1,764,000	93	3	19	72	187	50

1. Corrected to bales of 500 pounds gross weight.

2. One-half year.

Source: International Cotton Federation.

According to the Central Board of Textile Industry at Lodz, there were in November 1946 about 950,000 spindles in operation, of which 160,000 were in the new Polish territory in the west. By the end of 1947, however, it is hoped that the total number will reach 1,350,000 spindles and, by the end of 1948, 1,600,000.

Actually, it may take several years to attain this last-mentioned figure. Any further increase of spindles beyond about 1,350,000 will depend on the addition of new machinery. A large part of the existing equipment is of foreign origin, mostly British and continental. Because of the tremendous backlog of orders now on the books of foreign machinery firms, it may be difficult for Poland to obtain delivery of new equipment. Such an essential item as card clothing may be impossible to obtain in reasonable time, because it is badly needed by almost every cotton mill in the world.

It is not definitely known just what capacity existed before the war for the production of textile machinery. It is known, however, that the Machinery and Cast Iron Works at Bielsk was the chief producer. This firm was able to save a considerable portion of its plant from war damage and hopes to reach prewar volume of production by the end of 1946. The production, however, of such essential equipment as openers, pickers, cards, roving frames, spinning frames, slashers, etc., does not appear to be contemplated, and these items are essential to any substantial increase in the over-all capacity to consume cotton. A small plant under Polish management at Dzierzonow in Lower Silesia is now producing looms for the first time in Poland.

A recent press report stated that the investment plan for 1946 provides for the renovation of 602,000 spindles at a cost of 351 million zloty (\$3,510,000) and of 4,420 looms at a cost of 22 million zloty (\$220,000). The plan also provided for setting up a new spinning mill of 500,000 spindles at a cost of 450 million zloty (\$4,500,000). The report makes no mention, however, of the difficulties of obtaining new equipment.

Based on the prewar Polish consumption of 280,000 bales on 1,700,000 spindles, it would appear that consumption in 1947 might be about 190,000 bales. Assuming 1,350,000 spindles in operation for the whole of 1948, capacity on the prewar basis of operations would be about 210,000 bales. In contrast to these figures, it is to be noted that the Polish plan for the calendar year 1947 contemplates the consumption of 368,000 bales, and for 1948, 529,000 bales. If these rates of consumption could be attained, the total consumption of cotton in the 12 months ending July 31, 1948, would presumably range between 400,000 and 440,000 bales.

Actual consumption of cotton in the year ending July 31, 1946, is reported to have been 220,360 bales of all kinds, regardless of weight. This indicates a substantially higher rate of consumption per operating spindle than prevailed before the war. Given, however, the present condition of the industry and the known difficulties likely to be encountered in obtaining new equipment and repair parts, it seems evident that the ability of Polish mills to approach any such totals of consumption as are planned (assuming, of course, that necessary raw material supplies can be obtained) will depend upon an increase in the number of working shifts and a general improvement of efficiency.

Before the war, Polish cotton mills were operating on the basis of two shifts of 46 hours each per week. In the prewar year ending January 31, 1939, the average was 1.3 shifts. The present plan is to increase this, if possible. It was estimated that the mills would average 1.5 shifts in 1946, 1.8 shifts in 1947, and 2.3 in 1948. The industry suffers from a shortage of technical men, administrative personnel, raw materials, technical articles, dyestuffs, driving belts, starch for sizing, and innumerable replacements and spare parts. Housing, food, labor, belting,

etc., are some of the limiting items also to be considered. The manpower situation is considered in a later section of this report.

Notwithstanding the numerous and severe handicaps with which Poland is confronted, it is evident that strong efforts will be made to rebuild and expand textile manufacturing as rapidly as circumstances permit. The importance of the textile industry to the consumers of Poland is indicated by the list of commodities which Polish industries propose to place at the disposal of farmers. It will be noted that textiles represent more than half the total value.

Commodity	Value	
	<u>1,000 Polish zloty</u>	<u>U. S. dollars</u>
Coal	345,000	3,450,000
Liquid fuel	637,000	6,370,000
Sugar	2,325,000	23,250,000
Armament	8,873	88,730
Foundry	98,319	983,190
Metal	1,243,009	12,430,090
Chemicals	1,194,475	11,944,750
Building materials ...	492,313	4,923,130
Textiles	7,800,000	78,000,000
Paper	106,000	1,060,000
Leather	37,277	372,770
Timber	191,000	1,910,000
Total	<u>14,478,266</u>	<u>144,782,660</u>

It is estimated that the cost of freight and distribution will add about 50 percent to the above values.

RAW-COTTON SUPPLIES AND REQUIREMENTS

The following is a list of total imports and sources of all textile fibers received from liberation to August 1, 1946:

Russian	cotton	128,000 bales
UNRRA (American)	do	133,000 - do -
Egyptian	do	3,750 - do -
Russian	wool	2,100 short tons
UNRRA	do	25,200 --- do ---
Russian	cellulose	2,000 --- do ---
Swedish	do	63,100 bales
UNRRA	jute	7,300 short tons
Russian	flax	6,100 --- do ---
UNRRA	flax & hemp yarns	93 --- do ---

Stocks of cotton on hand on August 1, 1946, were as follows: 13,800 bales of Russian, 20,240 bales American (UNRRA), and 3,680 bales of Egyptian cotton.

The only American cotton which had reached Poland up to November 1946 was that supplied by UNRRA. According to UNRRA officials in Warsaw, their cotton program was completed several months ago with the delivery of 139,000 bales. This represents about 50 percent of all cotton received in Poland up to the midsummer of 1946.

On October 8, 1945, it was reported that an agreement had been made whereby Russia would supply Poland with 50,000 bales of cotton and 9,000 bales of wool. This agreement called for delivery by Poland to the Soviet Union of such items as coal, coke, lead, zinc, chemicals, cotton and woolen goods, clothing, cement, etc. The Soviet Union agreed to deliver in exchange raw cotton, seed, gasoline, oil, grease, ores, etc. The agreement stipulated that the textiles returned to the Soviet Union should amount to 17 percent of the cotton goods produced in Poland from Soviet raw cotton. The Russian cotton has been delivered on a barter or trade basis. There is no information available as to the value of the particular items.

Additional contracts have since been made and, according to the Polish Ministry of Industry, the Soviet Union had delivered more than 128,000 bales prior to August 1, 1946. A further contract has now been made which brings the grand total to nearly 185,000 bales to be delivered by April 1947. Negotiations are also reported to be in progress for a new contract covering 138,000 bales for delivery in 1947, but there is no information that it has been signed.

Cotton consumption for the year ending July 31, 1946, is reported to have included 101,000 bales of Russian, 112,000 bales of American (UNRRA), and 7,360 bales of Egyptian cotton. For the year ending July 31, 1947, it was estimated that 290,000 bales of American-type (in which Russian might be included) and 23,000 bales of Egyptian-type cotton would be required. The Polish textile authorities could not break down the consumption of the American type as to country of origin, because they did not know where it would be obtained, and they gave no indication as to how they planned to pay for this additional supply.

The preferred qualities of United States cotton are Strict Middling White and Spotted, Middling White and Spotted, Strict Low Middling White and Spotted, and Low Middling. The staple lengths desired are 29/32 and 15/16 inch.

According to the best available information, the grade of Russian cotton so far received is relatively high. A substantial portion has been Extra White, Strict Middling leaf, Good Middling color. The staple length has been from 7/8 to 1 inch. A large percentage of this cotton, however, according to reports, is neppy and wasty. The packaging of the Russian bale is very well done; the bale is fully covered with new bagging, and the tare is from 2 to 3 percent, or about half the American tare.

Poland is also in immediate need of about 70,000 bales to cover the next two months' requirements. The plan is to pay cash (dollars) for about 14,000 bales, but some form of credit or barter will be required to cover the remainder. It is understood such a deal has not been arranged. Several references have been made to the possibility of a processing contract with Sweden. This means that Poland would have to return cotton textiles to Sweden to pay for the cotton. Poland is already committed to return a large amount of finished goods to Russia. With the limited spinning capacity and the pressing domestic needs, any additional obligation of this kind might be difficult to fulfill.

There has been some reference, more or less indefinite, to the possible procurement of certain quantities of cotton via Antwerp. Unless credit is available or some form of barter is arranged, Poland will not obtain enough cotton to maintain full mill production.

Before the war the United States was the chief supplier of cotton to Poland. It is quite apparent, however, that Russia since the war has attained an important position in Poland. The extent of this preeminence will depend on a number of factors of which three are important: First, the relative amount of cotton Russia may be able to offer; second, the degree of Soviet collaboration in the internal affairs and economy of Poland; and, third, the ability to purchase American cotton.

LABOR SITUATION

In 1937 it was estimated that 165,600 workers were employed in the Polish Textile Industry. In June 1946, the total industrial personnel was reported to number 195,000 workers, divided as follows:

<u>Industry</u>	<u>Personnel</u>
Coal	79,200
Textile	38,500
Building	14,000
Metal	12,700
Smelting	12,200
Power	11,700
Others	26,700

In August 1946, the press stated that the textile industry was currently employing 175,000 workers as compared with 157,000 in 1937. This appears to be an optimistic estimate, since only about half the 1937 number of spindles were then in operation.

In August 1946, it was estimated that Poland needed 750,000 skilled workers in all sections of its economic life. A year ago announcement was made that a governmental decree had been issued requiring all men

between 18 and 55 years of age and all women between 18 and 45 to register for work and to be paid at current rates. There were certain exceptions as to State employees, doctors, lawyers, clergy, etc. This measure may call for obligatory labor up to 2 years, at home or away.

According to the official census early in 1946, Poland's population had been reduced from 34 to 23.9 million. The volume of trade, commerce, and industry must to some extent be influenced by the number of available workers.

Very few industries have been able to carry on the training of new workers or apprentices during the war. Certain skills are required, and the expansion of the textile industry must depend somewhat on the supply of new trainees. One of the difficult problems will be to synchronize the expanding textile industry with the supply of labor.

The nationalization of Polish industry, the settlement of displaced persons, and the deportation of Germans are important factors in the labor problems confronting Poland. It is not possible to predict what influence they will have on the tempo of recovery.

COAL AND POWER

According to official reports, coal production increased from 1,032,000 short tons in April 1945 to 19,960,000 tons during the first 5 months of 1946. The 1946 coal production was estimated at 51 million tons, of which about 15 million were to be exported. Earlier in 1946, it was stated that, while there was plenty of coal, distribution was difficult on account of shortage of locomotives and rolling stock, damaged trucks, bridges, and signaling equipment.

Railroad equipment is being repaired, and the hope was to produce 25 locomotives in 1946 and 1,500 freight cars monthly in the last quarter. It was also hoped that 12,000 coal cars would be produced in 1946. Coal plays an important part in Polish economy, and, as the production of coal has increased, distribution has become a problem.

Now that the supply of coal is ample, the major power problem is the repair of steam and electric-power plants so that all textile plants can operate at full capacity as soon as subsidiary repairs to textile equipment have been made.

In the majority of European countries, the supply of coal has not been sufficient to assure full operation of the textile industry, but in Poland there is apparently a sufficient supply of fuel to maintain full operation of the cotton mills and to leave a surplus for export.

TRANSPORTATION

In April 1945, the Polish Railways had only 900 locomotives, but by June 1 they had 600 and by December, 2,509. In April 1945, the mileage was about 3,000,000 kilometers, but by November 1945 it was almost up to the prewar level of 10,000,000 kilometers (6,213,700 miles).

The Warsaw-Praga Bridge, over the Vistula River, has been rebuilt and opened for traffic, and the Government is now scheduled to rebuild 108 other bridges. This will naturally increase the efficiency of rail and road transport. Another important repaired bridge is the one between Poland and Czechoslovakia which connects east and west Cieszyn.

Traffic on the Oder River has now been turned over to Poland, and the channel is being cleared of wrecks, sunken barges, and other obstructions. Navigation is improving, and coal can now be moved by inland waterway all the way to Szczecin (Stettin). Canals are also being cleared for traffic.

Ships are being built in Poland, and negotiations are under way to obtain American ships. This should improve both coastwise and river traffic.

According to reports, transportation is improving in all directions. Transportation either to Russia or through the port of Gdynia should be able to move cotton to the mills.

NATIONALIZATION OF THE TEXTILE INDUSTRY

The Economic Committee of the Council of Ministers has approved an executive order establishing standards by which textile enterprises will be classified as units subject to nationalization under the Law of January 3, 1946. The following will be classified as medium-sized industries:

1. All spinning mills, except worsted and waste spinning, possessing 1 worsted set.
2. Cotton and/or wool mills, operating more than 2 sets.
3. Waste mills with more than 10 scrap-tearing machines.
4. Artificial- or synthetic-fiber mills.
5. Weaving mills operating over 24 mechanical looms, cotton, or bast fiber.

6. Weaving mills operating more than 8 mechanical looms on wool.
7. Silk-weaving mills operating more than 12 mechanical looms.
8. Plants producing felt-hat cones operating more than 2 sets of machinery.
9. Plants and woven-tape works operating more than 16 mechanical looms or 160 plaiting machines.
10. Mechanical dyeing plants employing more than 25 workers per shift or partly mechanized plants employing more than 50 workers per shift.
11. Hosiery plants, with more than 20 knitting machines and over 16 machines for knit wares. Other textile plants will be included if employing more than 50 workers per shift. In plants with a diversified production, the mechanical equipment will be added up and used as a basis for classification.

Plans are also being discussed for a classification and control of smaller plants under some kind of collective or group organization.

SYNTHETIC FIBERS

The Director of the Textile Industry at Lodz reported that the production of synthetic fiber in 1946 would be about 3,800 short tons. This was to be mostly staple fiber, and it was planned to export all of it because of its relatively higher value. It was hoped to increase the output as chemicals and pulp became available and equipment was repaired.

On October 4, 1946, it was reported that the State artificial-silk plants at Wroclaw (Breslau) had been opened in May 1946 and were employing 1,108 workers and producing 1,000 kilograms (2,205 pounds) daily. This plant represents about 30 percent of the Polish capacity. It was further stated that the remaining artificial-silk plants at Cieplice, Gorzoe, and Zydow (near Stettin) had not yet commenced operations, and no information is available as to capacity.

A recent report on the Polish Textile Industry stated that 660 short tons of artificial silk were being utilized annually. It is hoped to attain a production eventually of 9,500 tons annually.

The importation, or manufacture, of the vital chemicals and the supply of a suitable quality of wood-pulp cellulose would add considerably

to the problem of transportation. Foreign credits to cover such importations are also a problem, at least until Poland has attained a stronger export position.

Articles in the Polish press are very optimistic as to the future of Polish exports. In the nationalizing of all important industries, attention is focused on exports as one of the most important objectives.

The production of staple fiber in Poland is not yet important in relation to cotton consumption. On the basis of current reports, it would appear that the volume of production of synthetic fibers in Poland will be relatively insignificant for some time to come.

